

Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 SCI-06 NSF-04 PM-07 NSC-10 SPC-03

SS-20 RSC-01 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

USIA-15 PRS-01 IO-14 NEA-10 EB-11 COME-00 INT-08

AGR-20 SCEM-02 FPC-01 TRSE-00 AEC-11 ACDA-19 OMB-01

DRC-01 /215 W

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R 141040Z DEC 73

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 7253

INFO USINT ALGIERS

AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUCHAREST 4597

E.O. 11652: N/A

TAGS: PFOR, EGEN, RO, AG

SUBJECT: JOINT MEETING OF EXECUTIVE COMMITTEE AND COUNCIL OF
MINISTERS

1. SUMMARY: IN UNUSUAL MOVE, EXECUTIVE COMMITTEE MET IN JOINT
SESSION WITH COUNCIL OF MINISTERS ON DECEMBER 13 TO CONSIDER
AND APPROVE RESULTS OF CEAUSESCU'S RECENT VISITS TO ALGERIA AND
U.S. REPORT OF MEETING AS PUBLISHED BY CENTRAL PRESS ON
DECEMBER 14 INDICATES FORTHCOMING PRICE ADJUSTMENTS (UNDOUBTEDLY
INCREASES) FOR WIDE RANGE OF RAW MATERIALS WERE DISCUSSED AS WELL.
ALSO DISCUSSED WAS NEW DRAFT STATUTE ON ORGANIZATION OF SCIENT-
IFIC RESEARCH. JOINT SESSION ADOPTED RESOLUTION DESCRIBING US
VISIT IN GLOWING TERMS, DESCRIPTION OF WHICH FOLLOWS IN SEPTTEL.

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END SUMMARY

2. IN FIRST CASE OF ITS KIND EMBASSY CAN RECALL IN RECENT YEARS, EXECUTIVE COMMITTEE AND COUNCIL OF MINISTERS MET JOINTLY ON DECEMBER 13 TO HEAR REPORT OF CEAUSESCU'S RECENT VISITS TO ALGERIA AND U.S. ACCORDING TO OFFICIAL COMMUNIQUE OF MEETING PUBLISHED FOLLOWING DAY IN CENTRAL PRESS, BOTH BODIES, AS EXPECTED, UNANIMOUSLY APPROVED RESULTS OF VISITS AND WERE CUSTOMARILY LAVISH IN PRAISE OF PRESIDENT'S PERSONAL PERFORMANCE.

3. REFERENCES TO ALGERIA STOPOVER, HASTELY ARRANGED BY GOR AT LAST MINUTE BEFORE CEAUSESCU'S DEPARTURE TO U.S., LAID PRIMARY EMPHASIS ON BILATERAL RELATIONS, AND NEED TO DEVELOP AND DIVERSIFY COOPERATION "IN ALL FIELDS OF RECIPROCAL INTEREST" WAS STRESSED. NOTING STIMULUS TO ROMANIAN-ALGERIAN RELATIONS PROVIDED BY CEAUSESCU VISIT TO ALGERIA IN MARCH 1972, COMMUNIQUE WAXED ELOQUENT ON EXISTING GOOD BILATERAL TIES AND AFFIRMED "GREAT POSSIBILITIES OF DEEPENING RELATIONS" BETWEEN THE TWO COUNTRIES. COMMENT: REFERENCES TO ALGERIAN STOPOVER STRUCK US AS OVERBLOWN AND SOMEWHAT DEFENSIVE. PRIOR TO ALGERIAN TRIP RUMORS WERE RIFE IN BUCHAREST REGARDING PROBLEMS BETWEEN GOR AND ARAB STATES, AND SEVERAL SOURCES MENTIONED ALGERIAN PRESIDENT BOUMEDIENE AS BEING PARTICULARLY HOSTILE TO ROMANIA'S CONTINUED MAINTENANCE OF RELATIONS WITH ISRAEL. A POLISH SOURCE EMPHATICALLY TOLD EMBASSY RECENTLY THAT CEAUSESCU MADE THREE SEPARATE ATTEMPTS TO ARRANGE FOR ALGERIAN VISIT BEFORE ACCEPTANCE WAS OBTAINED. TWELFTH HOUR AND HIGHLY SECRET ARRANGEMENTS FOR TRIP COUPLED WITH CONTRADICTORY REPORTS IN ROMANIAN PRESS ON SUBSTANCE OF VISIT LEAD US BELIEVE VISIT WENT LESS THAN SMOOTHLY. END COMMENT.

4. DISCUSSION OF U.S. VISIT WAS LIMITED TO EXPRESSION OF APPRECIATION TO CEAUSESCU, BUT MAJOR IMPORTANCE OF TRIP WAS OUTLINED IN SEPARATE JOINT RESOLUTION, DESCRIPTION OF WHICH FOLLOWS IN SEPTEL.

5. IN SOMEWHAT UNEXPECTED MOVE, JOINT SESSION CONSIDERED PRICING ADJUSTMENTS, UNDOUBTEDLY UPWARDS, AFFECTING PRODUCED AS WELL AS DELIVERED PRICES FOR WIDE RANGE OF BASIC MATERIALS. AMONG ITEMS AFFECTED ARE FERROUS AND NON-FERROUS METALS, MANGANESE, NON-METALLIC ORES, SALT, COAL, CRUDE OIL AND NATURAL LIMITED OFFICIAL USE

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GAS, PETROLEUM PRODUCTS, AND ELECTRIC AND THERMAL ENERGY. PROPOSALS APPROVED AT JOINT SESSION ARE TO BE FORWARDED TO COUNCIL OF STATE FOR LEGISLATION BUT TIMING FOR THIS MOVE NOT ANNOUNCED. COMMENT: SIGNIFICANCE OF NEW PRICING MEASURES IS NOT YET CLEAR, ALTHOUGH BROAD RANGE OF MATERIALS AND PROCESSES INVOLVED LEADS US BELIEVE IMPACT COULD BE CONSIDERABLE. EXPORT SECTOR COULD VERY WELL BE AFFECTED, ESPECIALLY IF PRICE INCREASES ARE REFLECTION OF RISING INTERNAL COSTS. EXTENT

TO WHICH PRICE INCREASES WILL BE PASSED ON TO DOMESTIC CONSUMERS
IS MORE DIFFICULT TO PREDICT ALTHOUGH IT LIKELY COSTS OF
HEATING, LIGHTING AND FUELS OF ALL KINDS WILL INCREASE PROPOR-
TIONATELY. END COMMENT.

6. FINAL AGENDA ITEM CONSIDERED AT JOINT SESSION WAS DRAFT
STATUTE ON SCIENTIFIC RESEARCH, WHICH AFTER HAVING BEEN DISCUSSED
AND APPROVED, POSSIBLY IN LIMITED GROUP, WAS THEN RE-OPENED
TO DISCUSSION. EVENTUALLY DECISION WAS REACHED TO RE-DRAFT
PROJECT AND TO IMPLEMENT IT ON EXPERIMENTAL BASIS DURING TRIAL
PERIOD. COMMUNIQUE PROVIDED NO DETAILS ON SUBSTANCE OF NEW
MEASURE.
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